

# HB854 Statewide Housing Study

## Program Fact Sheet

### Home Purchase Assistance

#### Virginia Housing

**Note:** This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:

[Link to program website](#)

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#### 01 Program goals

The purpose of Home Purchase Assistance is to provide first mortgage loans, down payment assistance, and closing cost assistance funded by Virginia Housing to enable low- and moderate-income households to afford the purchase of a home. The home purchase assistance program primarily targets first-time homebuyers and underserved populations.

#### 02 Funding sources

No federal or state appropriations are used in the funding of the Home Purchase Assistance program. From its inception in the mid-1970s through the early 2010s, the program was funded through the issuance by Virginia Housing of tax-exempt mortgage revenue bonds (MRBs) and taxable bonds. For the past decade, the program has mainly been funded through loan securitization by Virginia Housing with Ginnie Mae, Fannie Mae, and Freddie Mac.

#### 03 Governance

First mortgage loans and associated assistance for down payment or closing cost assistance are originated by Virginia Housing's statewide network of private mortgage lending agents. First mortgage loans are closed by participating lenders and then

sold to Virginia Housing, which provides associated down payment assistance, in the form of a second mortgage or grant, or grant assistance for closing costs. In underserved rural areas of the state, Virginia Housing directly originates mortgage loans through its mobile mortgage van. Virginia Housing services all of the loans it purchases or directly originates.

#### 04 Population served

The program serves low- and moderate-income Virginia households. Income and sales price limits for first mortgage loans are set on a regional basis. Loan securitization enables Virginia Housing to serve all eligible borrowers. All first mortgage borrowers are also eligible to receive associated down payment assistance through a second mortgage loan. Borrowers with income less than 80 percent of Virginia Housing's regular program limits are eligible to receive associated grant assistance for down payment or closing costs. All borrowers are required to complete a Virginia Housing-approved homeownership education curriculum, either online or in person, prior to applying for a loan.

#### 05 How program works

Eligible households apply for a first mortgage loan and associated down payment or closing cost assistance through a Virginia Housing lending agent, which are identified on Virginia Housing's website. Borrowers in underserved rural areas can also apply for a loan through Virginia Housing's mobile mortgage van. Lenders sell qualifying loans they make to Virginia Housing, which then services the loan.

#### 06 Program history

The Home Purchase Assistance program began in 1974.

## 07 Program highlights

- Virginia Housing has consistently increased its share of first-time home buyers of color from FY 2016 to FY 2021.
- In FY 2020, Virginia Housing serviced just over 8,500 first mortgage loans --- a total \$1.7 billion first mortgage loan dollars.